ANNUAL REPORT

CANADIAN GENERAL ELECTRIC CO.

LIMITED

1913

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Annual Report of the Board of Directors

for the Year ended
Dec. 31st, 1913

Canadian General Electric Company
Limited

CANADIAN GENERAL ELECTRIC COMPANY LIMITED

GENERAL OFFICES

COR. KING AND SIMCOE STREETS, TORONTO, ONT.

DISTRICT OFFICES

MONTREAL, QUE.
HALIFAX, N.S.
OTTAWA, ONT.
COBALT, ONT.
SOUTH PORCUPINE, ONT.
FORT WILLIAM, ONT.
WINNIPEG, MAN.
REGINA, SASK.
SASKATOON, SASK.
CALGARY, ALTA.
EDMONTON, ALTA.
NELSON, B.C.
VANCOUVER, B.C.
VICTORIA, B.C.
PRINCE RUPERT, B.C.

FACTORIES

CANADIAN GENERAL ELECTRIC CO., LIMITED

PETERBORO, ONT.
TORONTO, ONT.

TUNGSTEN AND CARBON LAMP WORKS

TORONTO, ONT.
PETERBORO, ONT.
MONTREAL, QUE.

CANADIAN ALLIS-CHALMERS, LIMITED

TORONTO, ONT.
MONTREAL, QUE.
BRIDGEBURG, ONT.
STRATFORD, ONT.

ARCHITECTURAL BRONZE AND IRON WORKS

TORONTO

CANADIAN GENERAL ELECTRIC COMPANY LIMITED

DIRECTORS

W. R. BROCK, Hon. President and Chairman of the Board.
FREDERIC NICHOLLS, President.
W. D. MATTHEWS, Vice-President.
HON. J. K. KERR, K.C., Vice-President.

SIR WM. MORTIMER CLARK, LL.D., K.C.
E. W. COX.
A. E. DYMENT.
SIR RODOLPHE FORGET.
HERBERT S. HOLT.
HON. ROBERT JAFFRAY.
SIR WILLIAM MACKENZIE.
F. GORDON OSLER.
J. K. L. ROSS.

SECRETARY

AND ASSISTANT GENERAL MANAGER

J. J. ASHWORTH.

SOLICITORS

KERR, DAVIDSON, PATERSON & McFARLAND.

BANKERS

THE BANK OF MONTREAL.
THE CANADIAN BANK OF COMMERCE.
THE DOMINION BANK

STOCK TRANSFER AGENTS

NATIONAL TRUST COMPANY, TORONTO.
NATIONAL TRUST COMPANY, MONTREAL.
CANADIAN BANK OF COMMERCE, LONDON, ENGLAND.

DIRECTORS.

W. R. BROCK, Hon. President and Chairman of the Board.
PRESIDENT, WESTERN ASSURANCE CO.
DIRECTOR, TORONTO GENERAL TRUSTS CORPORATION.

FREDERIC NICHOLLS, President.
VICE-PRESIDENT, TORONTO RAILWAY CO.
DIRECTOR, DOMINION STEEL CORPORATION, LTD.

W. D. MATTHEWS, Vice-President.
VICE-PRESIDENT, DOMINION BANK.
DIRECTOR, CANADIAN PACIFIC RAILWAY.

HON. J. K. KERR, K.C., Vice-President.
DIRECTOR, GREAT NORTH WESTERN TELEGRAPH CO.
DIRECTOR, LONDON ELECTRIC CO.

SIR WILLIAM MORTIMER CLARK, LL.D., K.C., Director.
DIRECTOR, CONSUMERS' GAS COMPANY.
DIRECTOR, METROPOLITAN BANK.

E. W. COX, Director.
PRESIDENT, CANADA LIFE ASSURANCE CO.
PRESIDENT, TORONTO SAVINGS AND LOAN CO.

A. E. DYMENT, Director.
DIRECTOR, ROYAL BANK.
PRESIDENT, DYMENT SECURITIES, LOAN AND SAVINGS CO.

SIR RODOLPHE FORGET, Director.
VICE-PRESIDENT, MONTREAL LIGHT, HEAT AND POWER CO.
DIRECTOR, TORONTO RAILWAY CO.

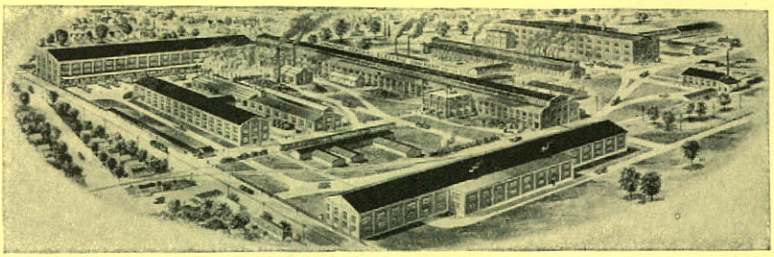
H. S. HOLT, Director.
PRESIDENT, ROYAL BANK OF CANADA.
PRESIDENT, MONTREAL LIGHT, HEAT AND POWER CO.

HON. ROBERT JAFFRAY, Director.
VICE-PRESIDENT, IMPERIAL BANK.
DIRECTOR, CANADA LIFE ASSURANCE CO.

SIR WILLIAM MACKENZIE, Director.
PRESIDENT, CANADIAN NORTHERN RAILWAY.
PRESIDENT, TORONTO RAILWAY COMPANY.

F. G. OSLER, Director.
DIRECTOR, CANADA PERMANENT MORTGAGE CORPORATION.
DIRECTOR, MANUFACTURERS LIFE INSURANCE CO.

J. K. L. ROSS, Director.
DIRECTOR, LAKE OF THE WOODS MILLING CO.
DIRECTOR, DOMINION BRIDGE CO.



Main Electrical Works, Peterboro, Ont.

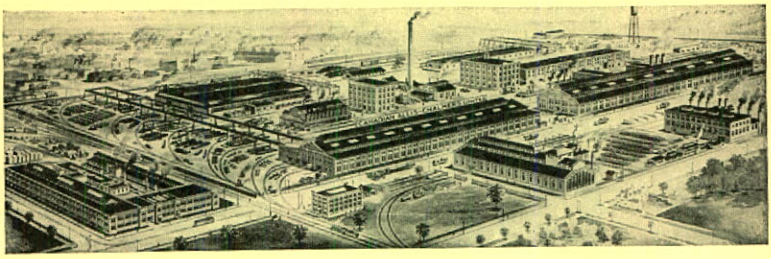
ANNUAL REPORT OF THE DIRECTORS

TO BE SUBMITTED TO THE SHAREHOLDERS AT THE ANNUAL GENERAL MEETING OF THE COMPANY IN TORONTO, ON WEDNESDAY, MARCH 25th, 1914.

Your Directors submit herewith the Balance Sheet of the Company as upon the 31st day of December, 1913, also Statement of Profit and Loss for the year, and Certificate of Messrs. Price, Waterhouse & Company, Chartered Accountants.

In view of the financial stringency that existed during the year, and the consequent lessening of demand, your Directors are gratified at being able to present such a satisfactory Statement to the Shareholders.

An examination of the Balance Sheet will show that a Profit of $2,029,898.60 was earned, and that after deducting the sum of $470,933.98 for depreciation, and $222,654.69 for interest, there remained a net balance of $1,336,309.93. Deducting from this amount Dividends on Preference and Common Stock at the rate of 7% per annum, and a Bonus of 1% on the Common Stock, amounting in all to $776,634.17,



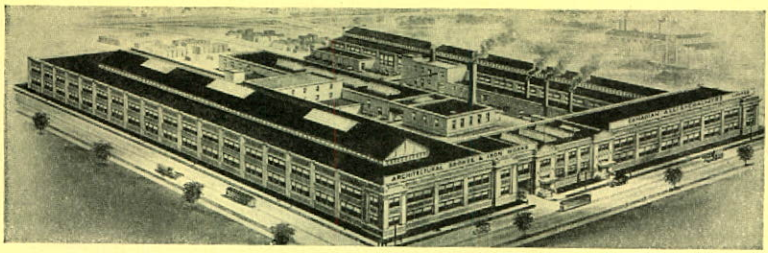
Canadian Allis-Chalmers, Limited, Works, Toronto, Ont.

there remain surplus earnings of $559,675.76, of which $328,134.05 has been added to the Reserve Fund and $231,541.71 to the balance of $682,390.63 at Credit of Profit and Loss, 31st Dec., 1912. The Reserve now amounts to $2,700,000.00, the balance at the credit of Profit and Loss to $913,932.34, making a total Surplus of $3,613,932.34, equal to 36.13% of the par value of the share Capital of the Company, both Common and Preference.

There has also been accumulated a Reserve for Depreciation now amounting to $1,537,605.42.

Following the usual policy of the Company, the Inventory has been taken at cost or market value, whichever was the lower. Ample deductions have been made for depreciation and any obsolete stock has been written down to scrap value.

From the inception of the Company until about five years ago, it had been the custom to write off the yearly allowance for depreciation of Buildings, Plant and Machinery, instead of carrying it forward to Reserve for Depreciation Account as at present, and the large amount that has each year been provided for depreciation has resulted in the book value of our Assets having been written down below their actual value.



Architectural Bronze & Iron Works, Toronto, Ont.

The Real Estate owned by the Company has also greatly risen in value since the respective dates of purchase, but has been carried on our books at its original purchase price. In order to secure an independent and careful valuation, the services of the Canadian Appraisal Company were retained to make a complete itemized appraisal, and their report shows the replacement value of our Real Estate, Plant and Equipment to be $3,200,000.00 in excess of our book values. From this amount they deduct $1,271,685.00 for a liberal depreciation, leaving a net excess of $1,928,315.00.

Last year, under the heading of "Patents and Contracts," our Balance Sheet contained the item of $503,761.42, being their book value after depreciation had been written off from year to year. It will be understood that our Patents, acquired from time to time, represent a very considerable outlay, and our Contracts, which include our Trade Marks, and our Agreements with the General Electric Company and many other Companies whose Canadian rights we have acquired from time to time, are of prime importance to the successful conduct of our business. Notwithstanding their great actual value to the Company, your Directors recognize that these Assets are of intangible value, and therefore have decided to write them down to the nominal sum of One dollar,

Carbon and Tungsten Lamp Works, Toronto, Ont.

increasing the value of our Real Estate by the amount written off Patents and Contracts, and allowing the balance of excess of the appraised value of our Real Estate, Plant and Equipment, amounting to $1,424,-554.58, to remain as an inactive Reserve.

The item of borrowed capital shows a considerable increase, on account of very large contracts that were in process of completion and not available for collection before the close of the year. The policy of the Company has always been to borrow funds to finance large contracts during progress so as to avoid a fixed dividend charge in the event of any serious recession in trade. It will be noted, however, that our Accounts and Notes Receivable amount to $5,183,330.50, and our Inventory of Materials and Work in Progress to $6,936,672.50, or together a sum of $12,120,003.00. Since the close of the year our current indebtedness has been reduced by about $1,000,000, and it is expected that within the next thirty days it will be further reduced.

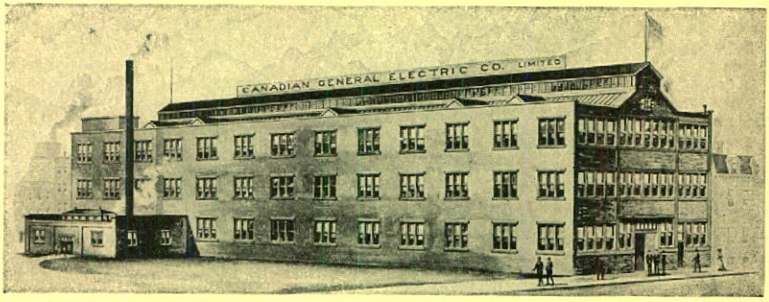
Notwithstanding the financial stringency that existed during 1913, collections have been very satisfactory.

Your Directors have for some time been anticipating a material shrinkage in the volume of business

Bridge Works, Bridgeburg, Ont.

offering, but although orders fell off somewhat during the latter part of the year, no serious shrinkage has so far been experienced. It is yet too early in the year to warrant any forecast, but it is hoped that the prospects for a general trade revival will materialize.

During the year your Directors acquired, on favorable terms, all the property, liquid assets, and good will of Allis-Chalmers-Bullock, Limited, of Montreal, including an agreement with the Allis-Chalmers Manufacturing Company of Milwaukee which gives the Canadian General Electric Company the exclusive right to manufacture and sell in Canada the types of apparatus for which the Allis-Chalmers Company have achieved a world-wide reputation, such as Corliss Engines, Water Wheels, Saw Mill Machinery, Gas Engines, etc. The business so acquired is being conducted under the name of "Canadian Allis-Chalmers, Limited," as a subsidiary Company of the Canadian General Electric Company, a Charter having been secured for this purpose. In part payment of the purchase consideration the Vendors have accepted Five per cent. Twenty Year Bonds of the Canadian Allis-Chalmers, Limited, issued against the new property acquired, and a sum of $700,000 is being paid for in seven annual instalments, and will be met by the liquidation of the Cash Assets acquired, which amount to relatively the same figure.



Tungsten Lamp Works, Montreal, Que.

The property and Assets of the Stratford Mill Building Company were also acquired, the purchase having been considered by your Directors to be of advantage to the Company.

Your Directors desire to express their great regret at the death of two Directors of the Company since the last Annual Meeting. The late Mr. James Ross joined the Board of Directors in 1901, and the late Hon. Geo. A. Cox was one of our original Directors. Mr. J. K. L. Ross has been elected to fill the vacancy created on the Board by his father's death, and the vacancy created by the death of Senator Cox has been filled by the election of his son, Mr. E. W. Cox, President of the Canada Life Assurance Company.

FREDERIC NICHOLLS,

President.

CERTIFICATE OF CHARTERED ACCOUNTANTS

MONTREAL
TORONTO
WINNIPEG
VANCOUVER

LONDON
MEXICO
BUENOS AYRES

CABLE ADDRESS, "PRICEWATER," TORONTO

PRICE, WATERHOUSE & CO.

CHARTERED ACCOUNTANTS IN
ENGLAND AND WALES

NEW YORK
CHICAGO
PHILADELPHIA
BOSTON
ST. LOUIS
PITTSBURGH
SAN FRANCISCO
LOS ANGELES
SEATTLE

Jarvis Building,
Toronto, March 12th, 1914.

To the Shareholders of the Canadian General Electric Company, Limited.

We have examined the books and accounts of the Canadian General Electric Company, Limited, and of its subsidiary Companies, for the year 1913, and find that the annexed Consolidated Balance Sheet and Surplus Account are correctly prepared therefrom.

During the year there have been charged to Capital Accounts only expenditures in respect of actual additions, extensions or permanent improvements. Sufficient provision has been made for Depreciation of Plant and Equipment.

The Inventories of Raw Material, Supplies, Work in Progress and Manufactured Products have been taken in accordance with the Company's usual custom, and have been certified to by responsible officials. The valuations have been accurately made at or below cost, and sufficient allowance has been made in respect of any goods considered to be either obsolete or not readily saleable.

Reserves have been made for Doubtful Accounts and Notes Receivable and for all ascertainable liabilities.

We have verified the Cash, the Investments and the Bank Balances by actual inspection or by properly certified statements.

We certify that the annexed Balance Sheet is properly drawn up so as to show the true position of the Company at December 31st, 1913, and that the Surplus Account shows the correct result of the operations for the year.

PRICE, WATERHOUSE & CO.

CANADIAN GENERAL ELEC

AND SUBSIDIARY

CONSOLIDATED BALANCE

ASSETS.

CAPITAL ASSETS—		
Real Estate, Buildings, etc., at Toronto, Peterboro, Bridgeburg, Stratford, Montreal, Branch Offices, Power Plant at Nassau, Canadian Sunbeam Lamp Company, Limited, and Canadian Allis-Chalmers, Limited		$ 6,150,814.91
Machinery and Tools		3,135,935.28
Patterns and Drawings		681,986.84
Patents, Contracts and Goodwill		1.00
Total Capital Assets		$ 9,968,738.03
CURRENT ASSETS—		
Inventory of Raw Material, Supplies, Work in Progress and Finished Materials, including expenditures on Contracts (less collections on account)	$6,936,672.50	
Accounts Receivable (less reserve for doubtful debts)	4,482,416.10	
Bills Receivable	700,914.40	
Investments	226,259.24	
Cash	66,559.93	
		12,412,822.17
DEFERRED CHARGES		44,213.36
		$22,425,773.56

Note.—As the appraised value of the Company's properties shows a net excess of $1,928,315.00 over book values, the value of real estate as carried on the books has been increased by $503,761.42, which amount has been used to write down the Asset of Patents, Contracts and Goodwill to the nominal value of one dollar.

TRIC COMPANY, LIMITED

COMPANIES

SHEET, 31st DECEMBER, 1913

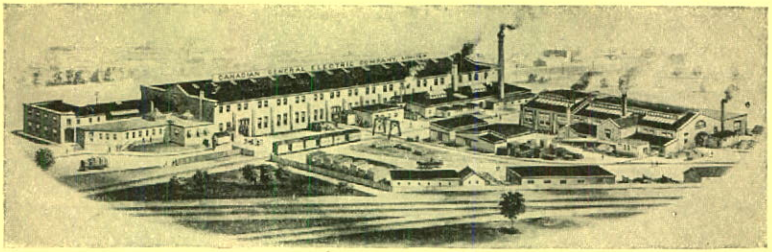
LIABILITIES.

CAPITAL STOCK—		
Common—Authorized	$10,000,000.00	
Issued		$ 8,000,000.00
Preferred—Authorized and Issued		2,000,000.00
		$10,000,000.00
BONDED AND OTHER INDEBTEDNESS—		
Mortgage Obligations on properties purchased	$554,838.68	
Bonded Indebtedness on properties purchased	695,000.00	
Deferred liability on purchase of Allis-Chalmers-Bullock, Limited, secured by bonds of the Canadian Allis-Chalmers, Limited, over the Rockfield plant, of a par value of $700,000.	700,000.00	
		1,949,838.68
CURRENT LIABILITIES—		
Bank Advances	$3,542,200.66	
Accounts Payable	1,782,196.46	
		5,324,397.12
RESERVE FOR DEPRECIATION		1,537,605.42
SURPLUS, per Account Annexed—		
Reserve	$2,700,000.00	
Profit and Loss Balance ...	913,932.34	
		3,613,932.34
(Contingent Liability on Bills Receivable Discounted $561,389.52)		
		$22,425,773.56

We have audited the above Balance Sheet, and certify that it is properly drawn up, and in our opinion shows the true financial position of the Company, on 31st December, 1913.

PRICE, WATERHOUSE & CO., Chartered Accountants.

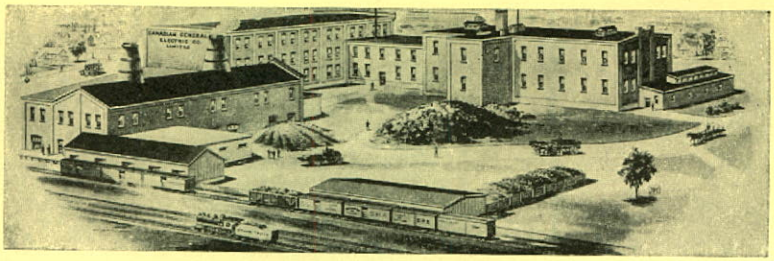
LYNDHURST OGDEN, Auditor.



Electrical Supply Works, Toronto, Ont.

CONSOLIDATED SURPLUS ACCOUNT

Profit for the year ended 31st December, 1913, before providing for Depreciation and Interest on borrowed capital		$2,029,898.60
Less—		
Reserved for Depreciation of Buildings, Machinery and Patterns, etc.	$170,933.98	
Interest	222,654.69	693,588.67
Net Profit for the Year		$1,336,309.93
Less—Dividends and Common Stock Bonus Paid		776,634.17
Surplus for the Year		$ 559,675.76
Add—		
Undivided Profits as at 31st December, 1912		682,390.63
		$1,242,066.39
Deduct—		
Amount transferred to Reserve		328,134.05
Balance at Credit of Profit and Loss Account		$ 913,932.34
Reserve, after including the above amount of $328,134.05		2,700,000.00
Surplus per Balance Sheet		$3,613,932.34

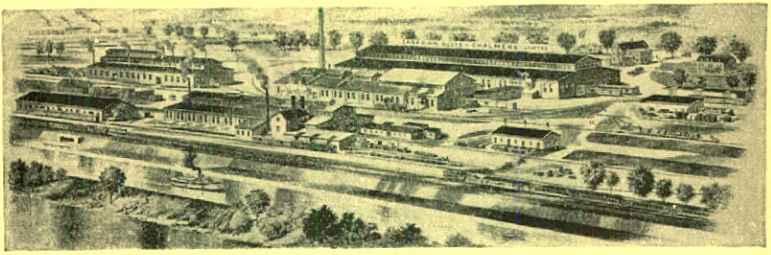


Electric Porcelain Works, Peterboro, Ont.

DIVIDENDS

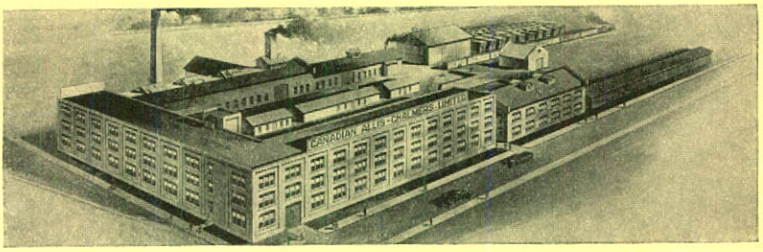
The following table sets forth the Dividends that have been paid since 1893:

1893	6%	$ 85,641.41
1894	6%	87,768.53
1895	6%	87,982.29
1897	6%	71,330.57
1898	8%	81,000.00
1899	10%	108,000.00
1900	10%	127,623.07
1901	10%	166,750.00
1902	10%	213,739.22
1903	10%	269,277.98
1904	10%	284,890.00
1905	10%	335,499.11
1906	10%	484,690.14
1907	10%	488,000.00
1908	7%	439,042.30
1909	7%	469,000.00
1910	7%	494,624.83
1911	7%	525,109.37
1912	7% and 1% Bonus.	689,871.80
1913	7% and 1% Bonus.	776,634.17
Total		$6,286,474.79



Canadian Allis-Chalmers, Limited, Montreal, Que.

The upper and lower illustrations on this page show the manufacturing plants acquired from Allis-Chalmers-Bullock, Limited, and the Stratford Mill Building Company, Limited.



Stratford Mill Building Co., Limited.

CANADIAN GENERAL ELECTRIC CO. LIMITED
KING & SIMCOE STS.
TORONTO
CANADIAN ALLIS CHALMERS LIMITED